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# Foreign Agriculture

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OF AGRICULTURE







Mexican honey bee busily gathers nectar. Last year, Mexico increased its lead as world's top honey exporter.

# An Attaché Looks at The Venezuelan Market

Now that its petroleum wealth is filtering into the pocketbooks of domestic consumers, Venezuela has found itself literally unable to keep up with domestic demand for food products. Demand, in fact, has exceeded all expectations, resulting in food shortages and a short-term lifting of import duties on most food products. James E. Ross, U.S. Agricultural Attaché, Caracas, talked to *Foreign Agriculture* recently about farm import policies and agricultural plans in this largest U.S. farm market in South America.

**How does Venezuela rank as a market for U.S. farm products?**

It's our largest cash market in South America, buying about $268 million in farm products in 1976 and $325 million in fiscal 1975. We expect this trade to increase to perhaps $350 million in 1977. Total farm imports also probably will rise since the country has had to import a great deal of food products in recent months to alleviate a critical food shortage.

**What are the biggest import items?**

Venezuela is a substantial market for U.S. wheat, grain sorghum, and soybean products, taking about $170 million worth of these products in 1976. It's also becoming a fairly good market for purebred livestock. Shipments of U.S. livestock last year totaled over $3 million, compared to about $1.5 million the year before.

So far, we've gotten very little meat into Venezuela. In early June, however, one of the first U.S. shipments of meat to Venezuela was made: 2.5 tons of prime ribs of beef were purchased by one of the largest hotels in Caracas. It's an opening that we may be able to develop further, in view of recent trade liberalization policies approved by the Venezuelan Government. The country also is importing large quantities of grass-fed beef from Central America and Colombia to meet increased consumer demand.

**What is the potential for consumer-ready products?**

There has been a recent upswing since April in the import of consumer-ready products. USDA hopes to promote such products at a trade exhibit in July 1978, with 20-25 exhibitors participating. The Venezuelan housewife is in position now, with the increase in per capita income and conveniences in the kitchen, to use consumer-ready foods. Also, the maids that Latin American housewives traditionally depended on to prepare their meals are becoming increasingly scarce.

**Could you name some of the best products in this category?**

The frozen foods have the greatest potential, and increased imports are now taking place in response to relaxation of import controls by the Government of Venezuela. To meet the current food shortage, many items are being brought in by air freight. Other quick-preparation foods also have a good chance of market penetration, and large quantities of fresh eggs and poultry currently are being imported.

**Does the Government have any restrictions against such imports?**

Normally, there are import duties, which can increase the price of imported products substantially.

As the Venezuelan housewife makes her needs known, I think the Government will listen. Conditions generally favor the import of these types of products.

**How has the Government responded to the recent food shortage?**

The shortage developed earlier in the year, with housewives unable to find meat, milk, eggs, poultry, beans, rice, and even coffee in the grocery stores as a result of an 8-percent production shortfall in 1976 owing to drought and floods. The media, in turn, have given a great deal of publicity to the fact that a country as wealthy as Venezuela does

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*By Beverly Horsley, Associate Editor,* Foreign Agriculture.

not have needed commodities in the grocery store.

The Government reacted by liberalizing imports and encouraging increased imports of food products by air, particularly those in short supply. Relaxation of import regulations began with the issuance of Presidential decree 20126 dated April 18, 1977, in which import duties were suspended and custom regulations were relaxed for a number of products, such as pork, nonfat dry milk, butter, black beans, and potatoes.

**Does Venezuela normally have a restrictive import policy?**

It does on certain commodities. The Government's Agricultural Marketing Corporation is responsible for the import of meat, whole powdered milk, beans, grain sorghum, corn, and some other commodities; also, import licenses are required and import duties are levied on most food products.

**Do you think the current trade liberalization could result in a permanent change in Venezuela's posture toward agricultural imports?**

In the short term, I think the Government will continue current policy. The Government now faces a strong consumer demand, plus a presidential election in December 1978.

Therefore, the present administration will have to keep the grocery shelves stocked with food if it is to retain the consumer's vote. It's not going to be possible for the country to increase agricultural production in such a short period of time, so the only alternative is to increase food imports.

In the longer term, the Government will need to change its agricultural policy, which sets prices to farmers and controls prices at the retail level for many food products. It will either have to boost prices to the farmer and continue to subsidize agriculture, or remove current price restrictions at the retail level. But the latter move would cause food prices to increase substantially, which is not a good reaction during, or even after, an election year.

**Has not Venezuela already launched an agricultural program calling for increased prices to producers and other incentives?**

It has increased prices to producers and will probably increase prices again during the coming year, which means more subsidies for agriculture. But these prices have not been sufficient to attract capital investment away from investments in other areas that have greater returns, so agricultural production is not rising fast enough.

**Why is Venezuela worried about agriculture output when it has the money to finance imports?**

This wealth is an underlying factor in policy decisions the Government makes. Oil accounts for about 97 percent of the foreign exchange earnings, about 30 percent of the gross national product, and is an overwhelming factor in determining policy for the other sectors. Thus, the country can afford to import, but it also could boost food output substantially.

Currently, only about 2 percent of the land area is cultivated, and many areas that could produce cattle are not as efficient as they might be with improved pastures. But large capital investments will be required to bring the needed improvements.

**Venezuela must have some ambitious projects underway already.**

It has an agrarian reform program that was launched by the Betancourt adminis-

*Top and middle: Cattle grazing in Venezuela. Bottom: Field of corn and sesame. Venezuela hopes to increase output in these areas.*

"Population has been growing by over 3 percent a year, and per capita income now totals about $2,000—the highest in Latin America. These two factors together have created a demand for more and higher quality food."

tration in 1959 and has had varying degrees of success. Venezuela also has tried to assist agricultural production through credit. It has the Agricultural Development Bank for medium-size and large producers, plus the Institute for Agricultural Credit for smaller farmers. These institutes have provided credit at very liberal terms, but also have received criticism over credit not being made available soon enough for the farmer to purchase inputs needed to produce the crops.

**What are the specific goals for agriculture?**

Venezuela would like to be self-sufficient in several commodities and is trying to increase exports in some areas. Wheat, which is our main agricultural export to Venezuela, will always be in deficit: production is very limited, and imports are running at nearly 800,000 tons a year.

Venezuela possibly could become self-sufficient in corn and is attempting to increase production. However, it now imports close to 500,000 tons a year of white corn used for human consumption. Grain sorghum is another product in which Venezuela would like to be self-sufficient, but here again imports are running at about 500,000 tons a year.

The country likewise is pushing livestock production, but currently must import large numbers of animals for slaughter and for breeding from Colombia and Central America and purebred livestock from the United States.

**Will these ambitious livestock goals serve to keep U.S. grain exports to Venezuela on the rise?**

Very little if any of the grain is used for beef production. It's primarily used for poultry and pork, so the emphasis Venezuela places on these commodities will determine how fast the country's grain import needs increase. The emphasis Venezuela gives to beef production, on the other hand, will influence imports of purebred U.S. cattle.

They are also are interested in dairy production and in using some of our Holstein and Brown Swiss, particularly in crossing with the Brahman breed. The country would like to import dairy heifers that are a cross between Brahman and Holstein or Brahman and Brown Swiss and, in fact, imported about 300 head in June to see how such animals adapt to local conditions. If successful, the country will import several hundred more.

**Describe some of the demand factors that have spurred agricultural imports.**

Population has been growing by over 3 percent a year, and per capita income now totals about $2,000—the highest in Latin America. These two factors together have created a demand for more and higher quality food. In fact, much of the increased income in Venezuela appears to have been used to purchase food.

**Is inflation much of a problem?**

Food items account for approximately 25 percent of the weighted value of the consumer price index. Therefore, prices on food are very important in the inflation picture. From 1968 to 1972, Venezuela had relative price stability. In 1972 and 1973, it had double-digit inflation, then in 1975 and 1976, inflation slowed to less than 10 pecent.

But the country also has price controls on food items. If controls on these products were reduced, prices would go up accordingly.

**Has Venezuela had problems with spending the money too fast?**

Venezuela created the Development Fund with its foreign exchange earnings from the sale of oil and has tried to control the use of that money so as to keep inflation down. The country is in an enviable position because of its many resources, and it has more than $8 billion in foreign exchange reserves.

**What about the country's infrastructure and transportation facilities? Can it handle the increased tempo of imports and exports?**

It has had to bring imports during this 3-month duty-free period primarily by air because the harbor has been extremely crowded. Ships may wait for 3 months in the harbor before they can be unloaded. It seems as if there always are 20-30 ships waiting to be unloaded, and this gets very expensive because it may cost $4,000-$5,000 or more a day for ships waiting in the harbor.

**What are some of the other changes you have seen as a result of the tremendous increase in Venezuela's oil wealth?**

Caracas is a good example of what is happening. The population of Caracas—increasing by about 11 percent a year—is now close to 3 million. At that growth rate, population doubles every 7 years.

Automobile numbers have increased greatly, and traffic has become very heavy. There is a tremendous amount of construction, quite a bit of pollution, and people from the rural areas are flocking to the city for work because they can make more on a construction job than they can on the farm. This has caused a shortage of labor in rural areas, which is another problem that plagues agriculture. □

# Venezuela's Imports Increasing Rapidly During Meat Shortage

**By James E. Ross**

Faced with serious meat shortages, resulting largely from rapid population growth and rising per capita income, Venezuela is importing thousands of live cattle for breeding and slaughter to help its hard-pressed beef industry meet consumer demand for red meats.

Also, the country's beef imports could quadruple this year as a result of Governmental action easing import restriction on both beef and live cattle. Nonetheless, Government's efforts to assure a red-meat supply for consumers through increased imports—both on the hoof and processed—are failing to assuage producers, concerned about rising production costs and controlled retail prices for some meat cuts.

Venezuela's population of almost 13 million and per capita national income of about $2,000 at current prices—the highest in Latin America—are the main forces causing unprecedented pressure on the country's beef industry.

Annual per capita consumption of beef has climbed to an estimated 26.6 kilograms this year, compared with 19.4 in 1972. This rising consumption, up more than one-third in just 5 years, resulted in meat shortages at butcher shops throughout the country in April and May of this year. Consumer concern and pressure on the Government for an adequate meat supply — especially beef, which accounts for about 80 percent of the red meat consumed in Venezuela—have never received more attention than in recent months.

*James E. Ross is U.S. Agricultural Attaché in Venezuela.*

In 1976, Venezuela imported 6,000 metric tons of beef, and early projections for 1977 pointed to imports of 12,000 tons. However, actual beef imports this year will probably double the earlier expectations.

In addition to these problems, the cattle industry has been plagued recently by floods and droughts. Early this year, droughts in several regions of the country have reduced pasturage. Thousands of cattle have died from lack of water and feed, according to local cattlemen associations. Last year, excessive rains in the plains area of the llanos—Venezuela's main cattle producing area—caused difficulties at calving time.

Venezuela's beef production in 1977 is pegged at 338,000 tons, compared with 313,000 last year and 264,328 in 1975. Pork output is placed at 70,500 tons, compared with 67,813 in 1976 and 68,495 in 1975.

With production unable to keep up with increasing red-meat demand, Venezuela is turning to imports of beef and live cattle primarily from other Latin American countries, especially Colombia. As well, Venezuela's 1976 imports of U.S. purebred cattle—94 percent of which was Brahman—totaled 1,591 head, the highest level in 5 years.

In recent years, Venezuela has imported cattle on the hoof from Colombia. These imports last year reportedly totaled 200,000 head. In April 1977, the ministers of agriculture of the two countries modified a previously signed pact. Under one provision of the new pact, Colombia agreed to sell 30,000 live cattle and 45,000 beef carcases (about 10,000 tons) to Venezuela this year. The price of the refrigerated carcasses is reported to be $1,452 per ton.

Venezuela has also contracted to buy 3,000 tons of beef from Costa Rica, Nicaragua, and Guatemala. In addition, several thousand head for slaughter will be imported from Central America.

Long-term plans of the Government and Venezuelan cattlemen include importing large numbers of breeding cattle. In fact, the biggest single importation of breeding stock in the nation's history was completed February 2, 1977. Five months earlier, an air bridge was established to import 25,000 heifer calves from Costa Rica. This consisted of two daily flights carrying about 175 head, weighing about 150 kilograms each.

Credit to producers buying these heifers was authorized by Venezuela's Agricultural Development Bank (ADB), whose 5-year loan provisions included a 1-year grace period and 8-percent per annum interest rates. Producers—who paid about $280 per head for the calves—were pre-selected by the cattlemen associations in the States of Guarico, Anzoategui, and Bolivar.

Another "air bridge," which was scheduled to begin in the latter part of July, will bring 25,000 heifers from Panama. The heifers, between 16 and 22 months of age and valued at $280 apiece, are native cattle mixed with Brahman. The cattle will be placed with farmers and ranchers in the States of Monagas and Bolivar, and the Federal Territory, Delta Amacuro.

Venezuela also had planned to buy 25,000 heifers from Nicaragua. However, because of possible transmission of coffee rust disease in Nicaragua, only 10,000 calves are being imported (at a cost of about $2.3 million).

Besides extending about $18 million for credit to cattlemen through commercial banks and the ADB, the Government reduced import restrictions. A Presidential Decree of April 5, 1977, declared duty-free status for imports of fresh, frozen, and refrigerated beef as well as live cattle. Remaining in force, however, are requirements for a sanitary certificate and import permit.

On the other hand, Government efforts to boost red-meat supplies via imports have sparked concern among producers, who maintain that higher production costs are not being offset by higher prices at the ranch gate. In May of this year, bulls weighing 460 kilograms were being sold on the hoof at the ranch for about 92 U.S. cents per kilogram.

In addition, retail prices for some meat cuts are Government controlled while others are not.

# World Food Prices: Consumer Prices Rose Slowly in May/June

Retail food prices in most of 15 selected world capitals on July 16 were only slightly higher than on May 4, as the food price index (FPI) continued to move up.

Argentina's FPI still shows three-digit annual inflation with a gain of 25 percent in the past 3 months. Of the 15 countries surveyed, only Belgium showed a decline for the period.

Along with West Germany, Belgium, and Canada, the United States had the lowest rate of gain in FPI in the past year.

Prices shopped in The Hague on July 6 were the retail exception. Despite Government price controls, the rate of increase during the 2-month period was one of the sharpest experienced in recent years.

The average price of the food items shopped in The Hague on July 6 was 4.2 percent higher than on May 4 and 3.1 percent above the year-earlier level.

In Canberra, prices of some of the food items surveyed rose slightly after a temporary price freeze was lifted. Higher prices for dairy products were a result of changes in the dairy price stabilization program.

In Mexico, the addition of a 4-percent sales tax caused higher prices for bacon, cheese, butter, cooking oil, and margarine.

Sweden authorized small price increases for milk, cheese, butter, beef, pork, poultry, eggs, and margarine. The boosts were designed to remunerate farmers for higher costs and to bring their returns into line with those for nonfarm workers.

In Copenhagen, some costlier cuts of beef were priced 10-12 percent higher than in the previous survey. Pork and other cuts of beef were about 6 percent higher.

Rome's broiler prices rose during the 2-month peiod because of heavier demand generated by the tourist trade.

In London, egg and poultry prices eased. If feed prices do not rise excessively, poultry meat production in the United Kingdom probably will continue to expand.

The recent European Community (EC) butter subsidy program has caused butter prices in the United Kingdom

*Sidonia R. DiCostanzo, Special Projects Division, FAS.*

Food Price Index Cha

| Country | Latest month |
|---|---|
| Argentina | March |
| Australia | May |
| Belgium | May |
| Brazil | May |
| Canada | May |
| Denmark | May |
| France | May |
| Germany | May |
| Italy | May |
| Japan | May |
| Mexico | May |
| Netherlands | May |
| Sweden | May |
| United Kingdom | May |
| United States | May |

based on official price indexes.

FAS Survey of Retail Food Prices in Selected World Capitals, July 6, 1977[1]

[U.S. dollars per kg or units as indicated, converted at current exchange rates]

| City | Steak, sirloin, boneless | Roast, chuck, boneless | Pork chops | Roast, pork, boneless | Ham, canned | Bacon, sliced, pkgd. | Broilers, whole | Eggs, dozen | Butter | Margarine | Cheese: Edam, Gouda, or Cheddar | Milk whole, liter | Oil, cooking, liter | Tomatoes | Onions, yellow |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bonn | 9.71 | 6.49 | 5.43 | 9.94 | (2) | 5.39 | 1.86 | 1.13 | 3.52 | 1.91 | 4.56 | 0.44 | 1.72 | 0.76 | 1.05 |
| Brasilia | 1.58 | 1.37 | 2.36 | 4.38 | 4.75 | 6.18 | 1.13 | .72 | 2.80 | 1.32 | 4.35 | .25 | 1.02 | .47 | .56 |
| Brussels | 9.47 | 5.10 | 4.32 | 4.62 | 7.02 | 3.68 | 2.54 | 1.20 | 4.12 | 1.78 | 4.68 | .50 | 1.39 | 1.76 | .81 |
| Buenos Aires | 1.32 | .76 | 1.38 | (2) | (2) | 3.51 | 1.11 | .92 | 2.92 | 1.81 | 3.78 | .22 | 1.71 | .78 | .21 |
| Canberra | 3.80 | 1.85 | 3.80 | 3.64 | 5.44 | 4.57 | 2.19 | 1.05 | 2.06 | 1.91 | 3.14 | .43 | 1.79 | .86 | .66 |
| Copenhagen | 12.62 | 5.49 | 6.30 | 6.64 | 6.02 | 5.61 | 2.19 | 1.50 | 3.86 | 1.73 | 4.66 | .48 | 1.91 | 2.65 | 1.49 |
| London | 6.64 | 3.22 | 3.26 | 2.73 | 3.34 | 3.49 | 1.63 | .79 | 1.67 | 1.40 | 2.43 | .35 | 1.45 | 1.06 | .53 |
| Mexico City | 2.13 | 2.13 | 1.82 | 2.39 | (2) | 2.50 | 1.61 | .50 | 2.88 | 1.35 | 5.61 | .24 | .82 | .34 | .21 |
| Ottawa | 4.53 | 2.39 | 3.93 | 3.93 | 5.16 | 3.53 | 1.83 | .90 | 2.68 | 2.06 | 3.93 | .52 | 1.75 | 1.23 | .73 |
| Paris | 7.23 | 3.98 | (2) | 5.30 | 6.55 | 8.39 | 2.26 | 1.23 | 3.78 | 1.52 | 3.86 | .39 | 1.30 | .99 | .80 |
| Rome | 7.13 | 5.77 | 3.96 | 3.96 | 4.91 | 3.95 | 2.14 | .95 | 3.76 | 1.64 | 3.85 | .44 | 1.09 | .86 | .89 |
| Stockholm | 12.02 | 7.31 | 5.86 | 10.57 | 6.50 | 6.08 | 3.23 | 1.79 | 3.29 | 2.34 | 5.03 | .40 | 4.88 | 2.75 | 1.60 |
| The Hague | 9.71 | 5.68 | 5.07 | 6.08 | 5.24 | 7.27 | 1.89 | 1.07 | 3.56 | 1.36 | 4.39 | .41 | 1.42 | .61 | .56 |
| Tokyo | 31.41 | 20.28 | 6.78 | 8.39 | 10.70 | 7.02 | 3.02 | .95 | 5.05 | 3.23 | 5.75 | .77 | 2.09 | 1.15 | .52 |
| Washington | 4.50 | 2.49 | 4.50 | 5.05 | 5.20 | 3.84 | 1.30 | .79 | 3.13 | 1.87 | 5.58 | .52 | 2.00 | 1.30 | .64 |
| Median | 7.13 | 3.98 | 4.14 | 4.84 | 5.34 | 4.57 | 1.89 | .95 | 3.29 | 1.78 | 4.39 | .43 | 1.71 | .99 | .66 |

[1] kilogram = 2.2046 pounds; 1 liter = 1.0567 quarts. [2]Not available. Source: U.S. Agricultural Attachés.

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The recent European Community (EC) butter subsidy program has caused butter prices in the United Kingdom to range widely—from $1.52 per kilogram in some stores to $1.90 in others.

Cheese prices were up in The Hague—a result of low output and good export demand.

Bonn's margarine prices were raised by an average 10 percent in June, following increased demand for salad and cooking oil early in 1977.

During 1976, per capita consumption of fats and oils in West Germany was markedly above the levels of the 2 previous years. Vegetable fats and oils accounted for 54 percent of the total volume. Margarine and table oil consumption rose by almost 450 grams per person, but butter usage continued to decline.

Rome's sugar price was up 9 percent during the 2-month period, reflecting the Government's devaluation of the green lira (monetary unit used for agricultural products to convert the EC unit of account to the lira).

Rice prices were the most stable in the 21-item food basket during the 2-month period. Prices were slightly higher in seven capitals, lower in Paris and Washington, and unchanged in six cities.

The U.K. bread subsidy, equal to about 2 U.S. cents per standard (794-gram) loaf, was withdrawn, resulting in a rise in the retail price to 41 cents per loaf. □

*Sidonia R. DiCostanzo, Special Projects Division, FAS.*

### Food Price Index Changes in Selected Countries

| Country | Latest month | Index 1970 = 100 | Percent change from: Prev. month | Three months | One year |
|---|---|---|---|---|---|
| Argentina | March | 14,317.4 | +8.2 | +25.0 | +223.7 |
| Australia | May | 192.9 | + .8 | + 3.0 | + 11.8 |
| Belgium | May | 170.1 | +1.9 | - .9 | + 5.9 |
| Brazil | May | 577.2 | +2.2 | +13.3 | + 46.8 |
| Canada | May | 179.2 | +1.5 | + 3.4 | + 6.1 |
| Denmark | May | 198.7 | +1.3 | + 3.1 | + 9.8 |
| France | May | 193.9 | +1.6 | + 3.6 | + 12.1 |
| Germany | May | 145.0 | + .7 | + 2.0 | + 4.9 |
| Italy | May | 236.2 | +1.1 | + 3.4 | + 18.3 |
| Japan | May | 210.8 | + .5 | + 2.1 | + 8.1 |
| Mexico | May | 263.0 | + .8 | + 5.2 | + 31.2 |
| Netherlands | May | 163.3 | +1.0 | + 1.7 | + 8.0 |
| Sweden | May | 188.7 | +1.0 | + 4.1 | + 12.5 |
| United Kingdom | May | 293.5 | + .1 | + 2.9 | + 20.9 |
| United States | May | 166.8 | + .4 | + 2.1 | + 6.5 |

based on official price indexes.

### FAS Survey of Retail Food Prices in Selected World Capitals, July 6, 1977

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| City | Steak, sirloin, boneless | Roast, chuck, boneless | Pork chops | Roast, pork, boneless | Ham, canned | Bacon, sliced, pkgd. | Broilers, whole | Eggs, dozen | Butter | Margarine | Cheese: Edam, Gouda, or Cheddar | Milk whole, liter | Oil, cooking, liter | Tomatoes | Onions, yellow | Potatoes | Apples | Oranges, dozen | Bread, white, pkgd. | Rice | Sugar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bonn | 9.71 | 6.49 | 5.43 | 9.94 | (2) | 5.39 | 1.86 | 1.13 | 3.52 | 1.91 | 4.56 | 0.44 | 1.72 | 0.76 | 1.05 | 0.34 | 1.37 | 2.57 | 0.68 | 1.68 | 0.66 |
| Brasilia | 1.58 | 1.37 | 2.36 | 4.38 | 4.75 | 6.18 | 1.13 | .72 | 2.80 | 1.32 | 4.35 | .25 | 1.02 | .47 | .56 | .51 | .96 | .46 | .89 | .44 | .36 |
| Brussels | 9.47 | 5.10 | 4.32 | 4.62 | 7.02 | 3.68 | 2.54 | 1.20 | 4.12 | 1.78 | 4.68 | .50 | 1.39 | 1.76 | .81 | .50 | 1.20 | 1.56 | .81 | .98 | .86 |
| Buenos Aires | 1.32 | .76 | 1.38 | (2) | (2) | 3.51 | 1.11 | .92 | 2.92 | 1.81 | 3.78 | .22 | 1.71 | .78 | .21 | .14 | .43 | .80 | .42 | .78 | .54 |
| Canberra | 3.80 | 1.85 | 3.80 | 3.64 | 5.44 | 4.57 | 2.19 | 1.05 | 2.06 | 1.91 | 3.14 | .43 | 1.79 | .86 | .66 | .34 | .57 | 1.61 | .85 | .70 | .38 |
| Copenhagen | 12.62 | 5.49 | 6.30 | 6.64 | 6.02 | 5.61 | 2.19 | 1.50 | 3.86 | 1.73 | 4.66 | .48 | 1.91 | 2.65 | 1.49 | 66 | 1.99 | 1.88 | 1.31 | 1.16 | 1.26 |
| London | 6.64 | 3.22 | 3.26 | 2.73 | 3.34 | 3.49 | 1.63 | .79 | 1.67 | 1.40 | 2.43 | .35 | 1.45 | 1.06 | .53 | .34 | 1.37 | 1.65 | .49 | .87 | .44 |
| Mexico City | 2.13 | 2.13 | 1.82 | 2.39 | (2) | 2.50 | 1.61 | .50 | 2.88 | 1.35 | 5.61 | .24 | .82 | .34 | .21 | 35 | .60 | .23 | .44 | .50 | .26 |
| Ottawa | 4.53 | 2.39 | 3.93 | 3.93 | 5.16 | 3.53 | 1.83 | .90 | 2.68 | 2.06 | 3.93 | .52 | 1.75 | 1.23 | .73 | .35 | 1.23 | 1.41 | 1.10 | 1.08 | .44 |
| Paris | 7.23 | 3.98 | (2) | 5.30 | 6.55 | 8.39 | 2.26 | 1.23 | 3.78 | 1.52 | 3.86 | .39 | 1.30 | .99 | .80 | .30 | 1.27 | 1.22 | 1.85 | 1.43 | .53 |
| Rome | 7.13 | 5.77 | 3.96 | 3.96 | 4.91 | 3.95 | 2.14 | .95 | 3.76 | 1.64 | 3.85 | .44 | 1.09 | .86 | .89 | .43 | .78 | 1.36 | .89 | 1.18 | .70 |
| Stockholm | 12.02 | 7.31 | 5.86 | 10.57 | 6.50 | 6.08 | 3.23 | 1.79 | 3.29 | 2.34 | 5.03 | .40 | 4.88 | 2.75 | 1.60 | .57 | 1.81 | 2.17 | 1.79 | 1.34 | .86 |
| The Hague | 9.71 | 5.68 | 5.07 | 6.08 | 5.24 | 7.27 | 1.89 | 1.07 | 3.56 | 1.36 | 4.39 | .41 | 1.42 | .61 | .56 | .32 | .77 | 1.46 | .51 | .85 | .65 |
| Tokyo | 31.41 | 20.28 | 6.78 | 8.39 | 10.70 | 7.02 | 3.02 | .95 | 5.05 | 3.23 | 5.75 | 77 | 2.09 | 1.15 | .52 | .97 | 2.61 | 11.31 | 1.13 | 1.04 | .89 |
| Washington | 4.50 | 2.49 | 4.50 | 5.05 | 5.20 | 3.84 | 1.30 | .79 | 3.13 | 1.87 | 5.58 | .52 | 2.00 | 1.30 | .64 | .53 | 1.23 | 1.62 | 1.04 | .68 | .51 |
| Median | 7.13 | 3.98 | 4.14 | 4.84 | 5.34 | 4.57 | 1.89 | .95 | 3.29 | 1.78 | 4.39 | .43 | 1.71 | .99 | .66 | .35 | 1.23 | 1.56 | .89 | .98 | .54 |

1 kilogram = 2.2046 pounds; 1 liter = 1.0567 quarts. [2]Not available. Source: U.S. Agricultural Attachés.

### Data Qualifications

Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attaches on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of the compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

# New Zealand Seeks Expanded Trade

By Lynn A. Austin

Stagnant agricultural production, moderately increasing export prices, and skyrocketing import prices over the past 10 years have precipitated a financial crisis in New Zealand, and the Government is depending on increased farm exports to bail the country out of its current fiscal difficulties.

Pressure is being exerted on farm producers to increase output, and consequently, annual gains in the amount of meat and dairy products for export will likely materialize within the next 2 years.

In 1973/74, just as New Zealand anticipated a long-term improvement in its terms of trade, the effect of the petroleum cartel and the subsequent world recession and inflation of 1974/75 more than offset the small economic gains of earlier years.

Fuel prices in 1973/74 soared 75 percent over those of the previous year, with further increases in subsequent years. Other import prices, which had been maintaining a modest 6-8 percent annual increase, tripled in 1974/75.

The balance on New Zealand's current account decreased from an average yearend deficit of $67 million[1] for fiscal years (March-April) 1965/66-1969/70 to a deficit of $1.338 billion in 1974/75—an amount equal to 14 percent of the country's gross domestic product (GDP).

As a result, New Zealand found itself in a financial crisis. With the terms of trade reversed, the balance on the current account turned from surplus to deficit, precipitating a 9-percent devaluation in September 1974 and another of 15 percent in August 1975.

A new Government, elected in December 1975, promised to alleviate the strain of rising prices on producers and consumers, and in early 1976 it implemented policies to reduce inflation. Among these policies were incentives for export producers.

These incentives included:

- Income tax deductions on certain livestock;
- Additional funds for control of animal health;
- Tax deductible farm ownership scheme for young farmers;
- Fertilizer subsidies;
- Investment allowance on new machinery;
- Rebates on certain fruits for export; and

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[1]All values converted to U.S. dollars at the April exchange rate of NZ$1 = US$0.9628.

• Interest on farm income equalization reserve accounts.

Incentives to agricultural producers are of primary importance, as New Zealand consistently exports most of its farm output. (During 1965/66-1974/75, farm output accounted for 19 percent of New Zealand's GDP and 96 percent of the value of the country's total exports.)

New Zealand's top export markets in 1975/76 were the United Kingdom (19.7 percent of the total), Japan (13.5 percent), the United States (12.6 percent), and Australia (12.4 percent).

Although New Zealand's main market for agricultural output—the United Kingdom—is not faring well economically, the other three principal importers, Japan, the United States, and Australia, are. In addition, the Soviet Union recently purchased small quantities of New Zealand's meat and dairy products (3,000 tons of butter in April) and there is speculation of further sales.

New Zealand's major agricultural commodities are meat, milk, and wool. Although output of milk and wool has not changed noticeably during the past 10 years, meat production increased 3 percent.

As a result of the new Government's incentives, the current account deficit was reduced by 25 percent, September 1975 to December 1976.

But two more inflationary worries darkened the country's economic future: The Government's 7-percent devaluation on November 27, 1976, and its intention to lift price freezes in 1977.

As of December 31, 1976, however, the current account deficit was $600 million, compared with $949 million a year earlier. The value of New Zealand's imports had increased by 19 percent and the value of exports had gained by 56 percent.

Early in March 1977, the newly appointed head of the central bank (the New Zealand Reserve Bank) restated the belief that New Zealand is suffering from a long-term decline in terms of trade and must take appropriate action. Among the measures recommended were:

• Increase exports as a portion of the GNP by shifting more resources into export activities;

• Increase productivity in agriculture by 30 percent in the next decade;

• Increase labor productivity through labor participation in management;

• Increase saving and maintain consumption.

These goals are similar to those followed by many countries with balance-of-payments problems. It is quite possible that if the goal of increasing agricultural productivity by 30 percent can be achieved, the other goals may be reached as a by-product. □

New Zealand: Value of Exports by Type and Destination, October 1975-September 1976
[In million dollars]

| Commodity | United Kingdom | Japan | United States | Australia | Total |
|---|---|---|---|---|---|
| Meat | 235 | 48 | 196 | 1 | 720 |
| Wool | 83 | 33 | 21 | 18 | 532 |
| Dairy products | 151 | 58 | 40 | 4 | 358 |
| Other primary products | 38 | 95 | 47 | 134 | 598 |
| Other products | 7 | 105 | 22 | 165 | 395 |
| Total | 514 | 339 | 326 | 322 | 2,603 |

# European Community Incentives Boost India's Tobacco Trade

India's production and exports of tobacco are on the rise this year, chiefly because of higher grower prices and increased European Community (EC) trade.

Exports into the EC are expected to increase under the expanded 1977 Generalized System of Preferences (GSP) quota and may reach 85,000 tons compared with an estimated 79,599 tons exported during 1976.

No substantial increases are expected from the low levels of tobacco trade with the United States or in the total exports of manufactured tobacco from the negligible amounts currently exported from India.

U.S. exports of unmanufactured tobacco to India during 1976 were valued at $170,000, while imports of India leaf during that year were worth $193,000.

India's exports of unmanufactured tobacco in calendar 1976 increased marginally to an estimated 79,599 tons from the 78,203 tons shipped during 1975. However, value slipped by 6.4 percent—from $88 million in 1975 to $82 million in 1976.

The unit value of exports averaged $1.03 per kilogram in 1976, 8.3 percent below the average price of $1.12 per kilogram during the previous year.

During 1976, the United Kingdom replaced the Soviet Union as India's leading tobacco customer, taking 28,673 tons, compared with 23,332 tons in 1975. The USSR in 1976 received 16,100 tons, down from 24,079 in the previous year.

Other important Indian tobacco customers were Japan, Bangladesh, and the Netherlands. The five countries as a whole in 1976 accounted for 70 percent of India's tobacco trade, compared with 78 percent in 1975.

Total output of all types of unmanufactured tobacco for 1977 is estimated at 360,000-380,000 metric tons, compared with 347,000 tons in 1976. Flue-cured (Virginia-type) output this year is now estimated at 90,000-95,000 tons, significantly higher than the 75,000-85,000 tons estimated earlier.

The revised estimate for flue-cured output this year is based on three developments: Replanting of area damaged by cyclones in October/November, expansion of planted area from 114,170 hectares to an estimated 125,000 hectares, and increased use of fertilizer.

The Government's pro-

*Based on dispatch from Ivan E. Johnson, U.S. Agricultural Attaché, New Delhi*

gram to expand cultivation of exportable types of flue-cured in the light-soil areas of Andhra Pradesh, Karnataka, Tamil Nadu, and Gujarat continues to make steady progress. Production area has increased significantly since 1975/76.

India's cigarette production in 1976 totaled 67.2 billion pieces, 13 percent more than in 1975. Filter-tip output, which accounted for 27 percent of production in 1975, expanded its share to 33 percent in 1976.

Minimum export prices for all types and grades of tobacco were raised in January. Flue-cured prices were boosted 5-6 percent from 1975 price levels for superior grades, 13-14 percent for medium grades, and 15-21 percent for lower grades.

India is expected to be the principal beneficiary of the EC's enlarged GSP quota for imports of unmanufactured tobacco in 1977. The EC has enlarged its quota for imports of flue-cured and other Virginia-type tobaccos from developing countries in 1977 to 60,000 tons, up 58 percent from the 1976 level.

A preferential duty of about half the most-favored-nation rate applies to GSP imports. Although any developing country entitled to receive GSP benefits can take advantage of the higher quota, India is expected to supply the largest quantity.

In a joint memorandum submitted to the EC in March, India—with Sri Lanka, Pakistan, and Bangladesh—asked for, among other things, an increase in the import quota for unmanufactured tobacco to 100,000 tons in 1978.

In 1976, new bilateral trade agreements or arrangements that included tobacco were concluded with Algeria, Portugal, Tunisia, Bangladesh, and Hungary. India has agreements concerning tobacco with at least 27 countries. □

# Philippine Meat Output May Edge Up in 1977

**By Glenn R. Samson**

The current livestock situation in the Philippines is not particularly promising although cattle numbers and meat production may go up slightly in 1977. Since 1971, livestock numbers, production, and meat consumption have been trending downward. Only the initiation of minimal livestock and meat exports in 1976 marked any new developments in the Philippine livestock sector, although the Government has developed a 10-year beef development plan and is finalizing a 20-year dairy development program.

According to a 1976 survey, Philippine livestock numbers are shrinking. Since 1971, cattle numbers have declined 3 percent to 1.737 million head and swine numbers have fallen 8 percent to 6.489 million. But the largest drop occurred in carabao numbers, which fell from 4.556 million to 2.725 million head during 1971-76.

The reasons for the sharp fall in carabao numbers are an outbreak of hoof-and-mouth disease in 1974 and uncontrolled carabao slaughter. As a result, slaughterings have increased substantially, and carabao numbers are expected to decline slightly again in 1977.

During 1977, cattle and swine numbers are expected to rise marginally, as livestock production (meat) has also been in a slump. Lowered livestock production is attributed to a sharp drop in per capita meat consumption caused by rising retail prices that have not been offset by rising incomes. The majority of people in the Philippines are in the low- and middle-income groups.

The total number of animals slaughtered and production of meat have been declining in recent years. The number of cattle slaughtered during 1976 was estimated at 534,000 head—29,000 head below year-earlier levels. Production of beef during this period is estimated to have declined from 87,265 metric tons to 82,270 tons. For 1977, animal slaughter is estimated at 540,000 head, and meat production at 83,700 tons, only a marginal increase.

Carabao slaughter and meat production during 1976 is estimated at 324,000 head (compared with 628,000 head a year earlier) and 58,644 tons (compared with 113,668 tons in 1975), respectively. It is anticipated that the downward trend will continue this year, and the number of carabao slaughtered will be 272,000 head, with meat output at 49,232 tons.

The number of hogs slaughtered peaked in 1975 as low prices and foot-and-mouth disease resulted in a substantial liquidation, particularly by small producers. Hog slaughterings during 1976 were 8,093 million head, but are expected to increase slightly this year to 8.125 million as a result of the expansion in numbers that began during the last half of 1976. Pork production in 1977 is expected to rise slightly over the 1976 level to 374,073 tons, but this amount will still be below that of 1975.

Philippine trade in live animals is not large. However, beginning in 1975 and continuing to date, a fair market for live slaughter hogs has been developed in Hong Kong. During 1975 and 1976, exports reached 4,657 and 6,594 head, respectively.

In addition, 300 head of breeding stock were shipped to Hong Kong. If export prospects in the Hong Kong market continue, and if the Philippine Government does not ban exports owing to high domestic prices, an estimated 7,000 head or more may be exported during 1977.

The Philippines' first cattle exports occurred in 1976, as Calatagan ranch in Batangas Province shipped 47 head of Indo-Brazil breeding cows and heifers, valued at $57,137, f.o.b., to Thailand. However, the Philippines is not expected to be a regular exporter of cattle in the near future.

The Philippines also exported fresh meat for the first time in 1976, with a total of 127 tons of fresh pork shipped to Hong Kong, possibly for transshipment to the People's Republic of China.

As with exports, Philippines imports of live animals are small. During 1975, 10 head of cattle and 1,564 head of swine—all for breeding—were imported. In 1976, imports were 203 head of cattle and 190 swine.

Meat imports from the United States in 1976—mostly of high-quality beef—increased to 270 tons (product weight), and may reach 350 tons during the current year. □

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*Mr. Samson is U.S. Agricultural Attaché, Manila.*

# Mexican Honey Exports Reach Record in 1976

By Gordon E. Patty

Beekeeper checks hive in Mexico. The country's honey exports are expected to dip about one-third in 1977.

Mexico exported a record quantity of honey last year and lengthened its lead as the world's largest honey exporter. Although Mexico's honey production is expected to top slightly the 1976 level, export availability in 1977 is forecast to drop about one-third because carryover stocks, large last season, were only minimal at the beginning of the current season.

Mexico's honey output in 1976 was 44,000 tons, up from 38,000 a year earlier. Yet, the country's exports of this commodity jumped disproportionally to 49,918 tons from 30,097 in 1975 because carryover stocks had been heavy since 1974, when production greatly exceeded exports. This jump solidified Mexico's position as the world's No. 1 honey exporter over Argentina, whose exports totaled an estimated 18,000 tons in 1976 and 19,171 in 1975.

During the recent harvesting season (October 1976-June 1977), the southeastern part of Mexico had less than usual rainfall, but weather conditions were favorable in central Mexico.

The 1977 Mexican honey harvest, estimated at 44,500 tons, is fractionally higher than the previous year, but honey available for export is expected to be only 35,000 tons because of the stock drawdown during the record export year of 1976.

Competition for Mexican honey this year is expected to be keen because of lower production in a number of countries.

A short U.S. honey crop may be in the offing in 1977 as the eastern two-thirds of the country suffered a severe winter while the west had dry conditions for several months.

Thus, the U.S. harvest may drop from the 90,600 tons produced in 1976. Exports of U.S. honey are projected at 2,000 tons this year, about the same as in 1976.

In addition, Argentina's 1977 crop is forecast to dip about 40 percent to 17,000

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# Guatemala's Honey Industry Shifting to Jungle Area

Largest honey producer in Central America, Guatemala is shifting the thrust of its production to the northern jungle area of Peten. This development brightens the outlook for Guatemalan honey, despite 2 straight years of adverse weather.

During this period, honey production was estimated at 2,900 tons in 1976 and 2,400 in 1977, but next year Guatemala's honey outturn could rise again as production efforts expand in Peten—and if normal weather returns.

Long-term expansion of Guatemala's honey production, averaging nearly 3,000 metric tons annually over the last 5 years, is expected to continue. Most of this outturn flows to export markets, with West Germany being the major destination. In 1976, however, the United States increased its imports of Guatemalan honey—and may take even more in 1977.

Guatemala's usual production/export pattern resembles that of its northern neighbor, Mexico, the world's biggest honey exporter. Both countries are relatively small honey consumers, expecially in their rural areas. Guatemala normally exports about 85 percent of its honey output.

In 1975, there were an estimated 125,000 bee colonies (hives) in Guatemala. The average hive produced about 26 kilograms, comparing favorably with average hive yields of 8 kilograms in Italy, 20 in Mexico, and 45 in Australia.

Although about half of the nation's hives are located in south-central Guatemala, output in this older honey-producing region has declined recently because of deforestation and the increasing use of pesticides. To give more protection from pesticides, hives are just starting to be moved from area to area with the flowering seasons. Another 10 percent of Guatemala's honey

tons; Australia's harvest is expected to be slightly below last year's 22,800 tons.

Traditionally, West Germany has been Mexico's major honey market—but in 1976, West Germany's takings dropped slightly to 13,041 tons, from 13,502 a year earlier.

Other changes, however, were noted in the flow of Mexican honey exports last year. The United States purchased much more honey than usual from Mexico. With the U.S. harvest down in 1976, total U.S. honey imports rose from 21,038 tons in 1975 to 30,120 last year. Honey imports from Mexico jumped 130 percent to 14,065 tons in 1976—making the United States the leading purchaser of Mexico's honey.

In addition, Mexico reportedly shipped more honey to the Middle East last year because higher petroleum prices have increased the purchasing power of that area.

In 1976, several factors encouraged the reduction of Mexico's honey surplus, thus helping to attain the record level of exports. First, world demand was heavy following 2 years of sluggish world honey output in 1974 and 1975. Also, Mexico offered its carryover honey at a reduced price in 1976.

In addition, Mexico lowered its new honey export tax of 80 percent to just 9 percent in October 1976 and then to 5 percent the following month. Finally, Mexico devalued its currency in late 1976, making its exports more attractive to foreign buyers. □

# South Korea's Fats and Oils Imports Up

South Korea's fats and oils import requirements are expanding.

Mounting food and feed needs may push the country's total volume of soybean imports this year to about 170,000 metric tons, 40,000 tons above the Government's 1977 soybean import quota.

Total tallow imports during 1977 — mostly from the United States—are expected to reach 150,000 tons, almost 50 percent above the 1976 level.

For 1977, the quota on tallow imports for edible use has been lifted, and the import quota for tallow for industrial use has been set at 85,000 tons—about double the import level for industrial use in 1976.

Animal fat imports (including acid oils and fatty alcohols) during 1976 are estimated at 146,976 tons, 14 percent greater than in 1975.

Soybean imports—almost all of U.S. origin—during 1976 were 129,000 tons, more than double the 1975 total. The rising import level not only reflects spiraling demand for soybean meal for feed and food uses, but lower domestic oilseed output.

Korea's production of all oilseeds during 1976 was less than 1975's because of reduced area planted to rapeseed and soybeans, the two most important oil-bearing crops.

Total oilseed production during 1976 was 365,935 tons, 4 percent below the 1975 level. Planted area in 1976 was 336,202 hectares, 8 percent less than the 1975 area.

The Government has set the 1977 oilseed production goal at 437,310 tons, up 19 percent from 1976 output, despite the lower trend of oilseed production in Korea since 1975.

Area planted to oilseeds in 1977 is targeted at 385,000 hectares, 15 percent greater than the 1976 area. The implied yield increase is heavily dependent on the degree to which farmers respond to the Government's call for increased plantings of higher yielding soybean varieties. □

production comes from the Alta Verapaz Department in north-central Guatemala, but output here appears stable and production techniques somewhat outmoded.

It is to the new Peten areas that the future of Guatemala's honey industry looks. Production here, now about 40 percent of the nation's total, is growing rapidly. Commercial beekeeping is following the newly built roads running from Flores, the capital of Peten, in the center of the Department. Some 20 beekeepers in operation here average about 2,500 hives apiece.

The traditional type of honey exported by Guatemala, a mixture of all Guatemalan honeys, is light amber in color and has a pleasant taste. Several regional honeys, however, are available to exporters.

Currently, Guatemala's mixed honey, light amber or better, is quoted at US $66-72 per 100 kilograms (30-33 U.S. cents per pound), f.o.b. Guatemalan ports. Exporters pay a 2-percent tax and are required to have a sanitary inspection registration. Processing plants are inspected annually for this, and the registration number must appear on each drum of exported honey.

Guatemala's honey exports, averaging 2,600 tons during 1968-72, rose to 2,800 in 1974 before slipping to 2,700 in 1975. Because of dry weather and short supplies over the past 2 years, the exportable surplus dipped to 2,500 tons in 1976 and 2,000 this year.

In 1975, West Germany took 80 percent of Guatemala's honey exports, with the United States a distant second. Last year, however, U.S. imports of Guatemalan honey nearly doubled, rising from 183 tons in 1975 to 331 tons. During this period, U.S. total honey imports jumped from 21,038 tons in 1975 to 30,120 tons in 1976—with almost half of 1976's total coming from Mexico. □

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# Egypt's Farm Exports To USSR Decline

Egypt's agricultural exports to the USSR may drop about 18 percent in 1977, largely because of a decline in exports of cotton.

Peaking at $332 million in 1976, Egyptian exports to the Soviet Union are expected to stand at about $282 million this year, although increased shipments of oranges and fresh vegetables this fall could move this year's total up somewhat. Shipments of cotton are likely to fall to about $104 million from the $200 million annual level during 1974-76. Previously, a break in the upward trend of Egyptian exports to the USSR occurred in 1972 when their value dropped 21 percent to $168.4 million.

Egyptian textile mills will consume more cotton this year because of booming domestic demand for clothes and programs to export more textiles to the European Community (EC), Mideast, and Africa. This will cause a reduction in Egyptian exports of cotton yarn, household textiles, and clothes to the Soviet Union. Expected to continue in 1978 is the shift from large exports of expensive extra-long staple cotton through trade agreements to the Soviet Union and Eastern Europe to export to cash customers in Europe and Asia.

In order to bolster cash exports of cotton, Egypt imported 110,000 bales (24,000 metric tons) of U.S. short staple cotton for domestic use. This allowed Egypt to sell special grades of its cotton for over $1.50 per pound and replace that volume with cotton imported at 88 cents per pound.

The USSR-Egyptian trade protocol signed for 1977 included only 30,000 tons of Egyptian cotton for shipment to the Soviet Union—down from about 52,000 tons in 1976 and a peak of 122,700 tons in 1970.

Another commodity on the decline in Egypt's trade with the Soviet Union is rice, although a special price scheme under an Egyptian-Soviet trade protocol has prevented an end to this trade. Under the agreement, the USSR purchases Egyptian rice at a price above the world market price, providing Egyptian pounds for the Ministry of Supply to cover losses on rice sold to urban consumers at about one-half the procurement price. Egyptian deliveries of rice to the Soviet Union declined from a peak of 188,200 tons in 1970 to about 30,000 tons in 1976. The average price for Egyptian rice delivered to the Soviet Union reached $919 per ton in 1974, but fell to $483 per ton in 1976.

Egyptian exports of oranges to the Soviet Union are expected to rise to 140,000 tons in 1977 for a value of about $53 million—up from 86,000 tons for $27.7 million in 1975. Egypt is also exporting more fresh grapes, watermelons, and tomatoes to the Soviet market. Exports of onions have fluctuated widely because of variations in Egyptian production. Exports of mango and orange juice have trended upward while deliveries of wine and rum remain below the 1974 peak.

One of the most successful products developed for export by Egypt to fill part of the value gap left by smaller deliveries of cotton and rice has been jasmine paste. Egypt's exports of jasmine products to the Soviet Union increased from an initial $1.5 million in 1969 to $29.6 million in 1975 and the value for 1977 is estimated at $42 million. Jasmine paste is used extensively in the Soviet Union for cosmetics and soap. Egypt is also exporting more geranium oil, mint, and rosemary to the Soviet Union.

The marked rise in Egyptian exports of furniture, shoes, carpets, textiles, and petroleum to the Soviet Union caused the value of shipments of nonagricultural items to rise from $96 million in 1970 to a peak of $308 million in 1975. The setback in exports of cotton textiles caused this value to decline in 1976 and a further setback is expected in 1977. □

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*By John B. Parker, economist, Developing Countries Program Area, ERS.*